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In the

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1971

No. 71-9044

GREAT FIDELITY INVESTMENT COMPANY, HAROLD HICKERSON, JAMES R. GARNER, DAVID LEE BAKER, ROBERT J. BUFORD, LEE R. BAKER, ROBERT O. HALL, LEON N. GILBERT, ERNEST C. HALL and W. PAUL KASPAREK,
Petitioners,

VERSUS

M. F. MARTIN and CURTIS H. YOUNG,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

JOHN B. OGDEN
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Oklahoma City, Oklahoma 73102
Counsel for Petitioners

January, 1972

UTTERBACK TYPESETTING CO., 519 W. CALIF., OKLAHOMA CITY, PH. 235-0030

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In the
Supreme Court of the United States
OCTOBER TERM, 1971

No. _____

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Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioners, above-named, respectfully pray that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit entered in this proceeding.

OPINIONS BELOW

The Fifth Circuit Court's opinion, omitting the caption, is in words and figures as follows, to-wit:

"Appeal from the United States District Court for the Northern District of Texas.

(November 17, 1971)

Before THORNBERRY, MORGAN and CLARK, Circuit Judges.

PER CURIAM: AFFIRMED. See Local Rule 21.

[1]See NLRB v. Amalgamated Clothing Workers of America, 5 Cir., 1970, 430 F. 2d 966."

The order denying Petition for Rehearing is reprinted and attached as Appendix "A".

The judgment of the United States District Court for the Northern District of Texas, is reprinted and attached as Appendix "B".

JURISDICTION

The Fifth Circuit Court of Appeals' judgment was entered on the 17th day of November, 1971. A timely Petition for Rehearing was denied on December 16, 1971. This Court has jurisdiction under 28 U.S.C. § 1254 (1).

QUESTIONS PRESENTED

Whether respondents can fraudulently and in violation of the written agreement take possession of the notes and collateral sued upon when the written contract required the same to be escrowed in the Fort Worth National Bank.

(a) Whether the respondents should be permitted to sell a debenture bond as a part of the purchase price in the amount of $14,656.94 when said bond had prior thereto been redeemed and paid in full.

(b) Whether offsets provided for in the Contract can be ignored by the Trial Judge and the Fifth Circuit.

(c) The Contract of Sale whereby Security Holding and Management Corporation sold Security Mutual Life Insurance Company to Great Fidelity Investment Company containing the provisions with reference to escrow offsets and the sale of the debenture bonds in the amount of $244,798.48 is attached as Appendix "C".

(d) Whether the United States Court of Appeals, Fifth Circuit, had the right to decline to write an opinion and merely refer to Local Rule 21 and whether this constituted a denial of equal protection of the law and due process of law under the United States Constitution.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The Fourteenth Amendment to the Constitution of the United States, Section 1; is as follows:

> "'All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

We feel that the opinion of the Circuit Court denies due process of law to the Petitioner and we also feel that the opinion denies equal protection of the laws by reason of the fact that most litigants receive a written opinion.

To affirm without an opinion and merely refer to Local Rule 21 is a denial of due process of law.

Rule 19 of the Rules of the Supreme Court of the United States, effective July 1, 1970, pages 16 and 17.

Local Rule 21 of the United States Court of Appeals, Fifth Circuit, is reprinted and attached as Appendix "D".

STATEMENT OF THE CASE

The relevant background of this suit is as follows:

On or about the 31st day of July, 1967, a Purchase Agreement was entered into by the Security Holding and Management Corporation, a Texas corporation of Fort Worth, Texas, as party of the first part, and referred to as "seller" and Lee R. Baker and Robert O. Hall of Oklahoma City, Oklahoma, representing the Great Fidelity Investment Company, an Oklahoma corporation, parties of the second part, and referred to as "buyers." A duly printed copy of said Agreement is reprinted and attached as Appendix "C".

Together, for brevity's sake, the petitioners do not attach the Agreement Order Sheet, showing the liabilities of Mutual Security Life Insurance Company. The sellers sold to the buyers a small company, Mutual Security Life Insurance Company, which was in dire straits financially and which was owned by Security Holding and Management Corporation, which also owned other small corporations and the funds and assets were juggled to the others in an attempt to avoid bankruptcy or receivership.

The Mutual Security Life Insurance Company had issued what it termed debenture bonds in the amount of $244,798.48. Said bonds, together with the General Manager's Contract of Mutual Security Life Insurance Company and all the businesses of Mutual Security Life Insurance Company, were transferred under said written agreement to the Great Fidelity Investment Company.

The consideration on the part of the Great Fidelity Investment Company was the sum of $231,136.00, paid and

to be paid as set forth on pages 2 and 3 of said Purchase Agreement (Appendix "C").

The Agreement provided that the said promissory note of the buyers and the appurtenant collateral securities shall be deposited in escrow with the Fort Worth National Bank, as Custodian and Escrow Agent under instructions to surrender the collateral securities to buyers when the full principal and interest of the note had been paid.

The respondent, M. F. Martin, was a member of the Board of Directors of Security Holding and Management Corporation and Security Holding and Management Corporation owed him money by reason of his purchasing stock in Security Holding and Management Corporation, which stock was of no value on the market by reason of the financial condition of the seller, Security Holding and Management Corporation.

Martin then conceived the idea that he would have endorsed over to him by Security Holding and Management Corporation, the notes sued on herein and the collateral, which was attempted to be done by Security Holding and Management Corporation, in violation of the provisions of the written contract, Martin thereby referred himself to all the other creditors and he was thoroughly and completely in violation of and with the contract of purchase, he, having been a member of the Board of Directors, assisting in the operation and management of Security Holding and Management Corporation, sellers. Whereby, if additional liabilities were found to exist against Mutual Security Life Insurance Company over and above the liabilities shown on the Balance Sheet, then the petitioners shown giving ten (10) days' notice were entitled

to credit of excess or nominal disclosed liabilities on the note involved herein.

On page 3 of the Purchase Agreement and the last part of Paragraph 3 is set out the agreement with reference to the financial position of the company and in case of other liabilities, the buyers were entitled to credit on the note for such undisclosed liabilities.

When the undisclosed liabilities became apparent in excess of the amount owed on the note, the note was given to seller and no response made thereto, and therefore, petitioners felt then and now that they were entitled to an offset of such liabilities against the note and therefore, owed nothing to the defendants.

All debenture bonds were certified by Security Holding and Management Corporation as being genuine and issued in accordance with Article 11.16 of the Texas Insurance Code and Paragraph 9 of the Purchase Agreement which is in part, as follows:

"Seller guarantees to the Buyers:

A. *That Seller is the owner of the surplus debenture bonds herein sold to Buyers, and has the full right to sell and transfer same; and that as of the date of transfer, said debenture bonds are entirely free of all liens, pledges, mortgages, debts, restrictions or other encumbrances.*" (Emphasis supplied.)

The record shows that the bond in the amount of $14,656.94 had already been paid off and Security Holding and Management Corporation had received in case from Mutual Security Life Insurance Company, the full amount thereof. This the trial court and the Circuit Court would not allow for apparently no legitimate reason.

Local Rule 21 of the United States Court of Appeals, Fifth Circuit

This rule is reprinted and attached as Appendix "D".

It will be noted that the Rule permits the affirmance of a judgment without the writing of an opinion, and it is then necessary for the appellant to examine Rule 21 and by examining such rule, it is not possible to determine in our opinion what particular part of said Rule applied in a particular case, and we feel that to permit an appeal to be affirmed without an opinion is contrary to the recognized practice and procedure and it is violative of the rights of the petitioner.

Rule 19 of the Supreme Court of the United States

We also feel that under Rule 19 of the Supreme Court of the United States, which provides in part, as follows,

> "* * * or has so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this court's power of supervision.",

the Circuit Court, in this case, certainly departed from the accepted and usual course of judicial proceedings and that the petitioners herein are entitled to an opinion from such court passing upon the important legal questions and factual questions presented by the appeal.

The Circuit Court, as will be noted in the affirmance in the footnote said, "See *NLRB v. Amalgamated Clothing Workers of America*, 5 Cir., 1970, 430 F.2d 966."

In this case the word "enforced" was used. The court, or the Chief Judge in that case, has set forth a rather ex-

haustive reason for Local Rule 21, and the Chief Judge states on page 968, in part:

> "the rule is now rounding out a year and three-fourths experience. * * *"

The Judge gives a review of the number of cases filed in the Circuit Court for various years and apparently from reading this statement by the Judge, it is the purpose of the rule to eliminate the necessity of writing an opinion.

We feel, however, that this is a departure from the requirements of the United States Court of Appeals and that a litigant is entitled to know the opinion of the Circuit Court when an appeal has been properly brought before it. This should especially be true when the appellant has gone to great expense to have his, her, or its case presented to the court and have counsel argue the case after having fully briefed the same and especially too where the matter is of grave importance to the litigant and where it is here, as we view it, a grave injustice has been done.

We do not feel that the fact that there are many appeals probably in all courts should prevent a litigant from having his case decided on appeal in the ordinary, accepted method of appeal procedure and we feel that this Court should determine whether a rule should be made by a circuit court or any court and take away from litigants a substantial and long-existing method of judicial procedure. So far as we can find, this Rule does not exist anywhere in the United States except the Fifth Circuit Court. This may be erroneous because we do not have the local rules of all the Circuits and this statement is not made as a fact:

CONCLUSION

In conclusion, we most earnestly and respectfully urge this Court to grant certiorari and review this case and reverse the affirmance by the United States Court of Appeals, Fifth Circuit, and to order the trial court to grant a new trial or render judgment for the petitioners herein.

Respectfully submitted,

JOHN B. OGDEN
Suite 1412
City National Bank Tower
Oklahoma City, Oklahoma 73102
Counsel for Petitioners

January, 1972

CERTIFICATE OF MAILING

I, JOHN B. OGDEN, Counsel for Petitioners, do hereby certify that I have this day, the ____ day of January, 1972, duly served a copy of the foregoing Petition for Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit on the following Counsel for Respondents:

Mr. Olcott Phillips
of the Firm of McDonald, Sanders,
Ginsburg, Phillips, Maddox & Newkirk
Attorneys at Law
2900 Continental National Bank Bldg.
Fort Worth, Texas 76102,

by mailing a true and correct copy thereof to said Counsel for Respondents, on this the ____ day of January, 1972.

JOHN B. OGDEN
Counsel for Petitioners

APPENDIX "A"

United States Court of Appeals

FIFTH CIRCUIT

OFFICE OF THE CLERK

EDWARD W. WADSWORTH
Clerk

Room 408-400 Royal St.
New Orleans, La. 70130
(504) 527-6514

December 16, 1971

TO ALL PARTIES LISTED BELOW

Re: No. 30721—M. F. Martin and Curtis H. Young vs. Great Fidelity Invest Co., et al

Gentleman:

You are hereby advised that the Court has today entered an order denying the Petition ( ) for Rehearing in the above case. No opinion was rendered in connection therewith. See Rule 41, Federal Rules of Appellate Procedure for issuance and stay of the mandate.

Very truly yours,

EDWARD W. WADSWORTH,
Clerk

By Carol A. Gaudet
Deputy Clerk

/cg

cc: Mr. John B. Ogden
Mr. Roy Hudspeth
Mr. Olcott Phillips

APPENDIX B

JUDGMENT

(Number and title omitted) (Filed: June 30, 1970)

On March 16, 1970, in accordance with the regular setting thereof, came on to be heard the above entitled and numbered action, and all parties appeared either in person or by their attorney, and the case proceeded to trial and a jury was duly selected and impaneled but before all parties had rested, the case was withdrawn from the jury by agreement of the parties, and all matters of fact, as well as law, were presented to the Court, and the Court having considered fully the evidence and the arguments of counsel as set forth in their respective briefs, makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. That on or about the 1st day of August, 1967, in the City of Fort Worth, Tarrant County, Defendant Great Fidelity Investment Company (hereinafter referred to as Defendant Great Fidelity) made, executed and delivered to Security Holding & Management Corporation (hereinafter referred to as Security Holding) four promissory notes, each dated August 1, 1967, being the notes sued upon by M. F. Martin and Curtis H. Young (hereinafter referred to as Plaintiffs). One of said notes dated August 1, 1967, in the original principal sum of $16,493.73 is hereinafter designated Plaintiffs' Exhibit "A". Another of said notes in the original principal sum of $100,000.00 is hereinafter designated Plaintiffs' Exhibit "B". Another in the original principal sum of $50,867.27 is hereinafter designated Plaintiffs' Exhibit "C", and another of said notes in the original principal sum of $40,525.17 is hereinafter designated Plaintiffs' Exhibit "D".

2. That prior to the delivery of Plaintiffs' Exhibit "A" to Security Holding, said note was duly endorsed by each of the individual Defendants.

3. That at the time of execution and delivery of Plaintiffs' Exhibits "A", "B", "C" AND "D" to Security Holding, and for the purpose of securing the holder of said notes in the payment thereof, the personal property described in Plaintiffs' Exhibits "A", "B", "C" and "D" was pledged, transferred and delivered to Security Holding.

4. That thereafter Security Holding duly assigned and delivered Plaintiffs' Exhibits "A", "B", "C" and "D", and the collateral securing the same described therein, to Plaintiffs herein, and said four notes, and the collateral securing the same, are all now held by Plaintiffs.

5. That the only payments which have been made upon Plaintiffs' Exhibits "A", "B", "C" and "D" are as follows:

a. The sum of $1,756.92 paid in installments of $750.00 on November 29, 1967, and $1,006.92 paid on December 11, 1967, on Plaintiffs' Exhibit "A".

b. The sum of $10,589.00 paid December 1, 1967, on Plaintiffs' Exhibit "B".

c. The sum of $5,000.00 had been paid as of September 1, 1967, on Plaintiffs' Exhibit "C".

d. Plaintiffs' Exhibit "D" has been paid in full.

6. That Plaintiffs' Exhibits "A", "B", "C" and "D" were executed as a part of the consideration for Purchase Agreement dated July 31, 1967. (Defendants' Exhibit 1, hereinafter referred to as "Purchase Agreement").

7. That Plaintiffs agree for the purposes of this suit that Defendants are entitled to the following setoffs claimed by them against Plaintiffs' Exhibits "A" and "B":

1]	Claims	$39,850.20
2]	Expenses	4,578.90
3]	Reserve Shortage	9,932.53
4]	Premium Refund	261.88
		$54,623.51

8. That the Purchase Agreement sets up a credit balance of $7,120.67 for the Seller (Security Holding) and provides for deduction therefrom of excess or unreported liability not reserved in the Balance Sheet dated July 31, 1967, attached to the Purchase Agreement.

9. That the Purchase Agreement provided that any liability of Mutual Security Life Insurance Company (hereinafter referred to as Mutual Security) existing on July 31, 1967, and not disclosed in said Balance Sheet of that date, or the Exhibits pertaining thereto, could be deducted from any installment of a note owed to Security Holding.

10. That on March 8, 1967, Mutual Security sold a mortgage loan to Continental Security Life Insurance Company (hereinafter referred to as Continental Security). At the time of the sale, the unpaid principal balance on the mortgage was $15,366.77. Continental Security paid Mutual Security $10,000.00 for said mortgage. At this time, both Mutual Security and Continental Security were controlled by Security Holding. There is nothing in the Balance Sheet of July 31, 1967, or Exhibits attached to the Purchase Agreement, which mis-states anything about this prior transaction. In the fall of 1967, Security Holding, which then still controlled Continental Security, offered to deliver the $15,366.77 mortgage back to Mutual Security if Mutual Security would pay back the $10,000.00. Mutual Security would not do so. The claimed shortgage of $5,366.77 has not been paid back to Mutual Security by anyone. Although more than three years had elapsed since the sale of mortgage, no penalty has been paid by anyone, and the Defendants have not lost the $5,366.77, or any part thereof.

11. That Debenture Bond No. 63 (Plaintiffs' Exhibit "E") is dated April 3, 1967, but was not actually prepared, signed or issued until after the date of the Purchase Agreement on July 31, 1967. Debenture Bond No. 62 is dated August 15, 1967. Said Debenture Bond No. 63 recites that

M. P. Collins had paid $40,525.17 into the surplus of Mutual Security on March 31, 1967, when he had and did not. Exhibit "B" attached to the Purchase Agreement lists the Debenture Bonds sold to Defendant Great Fidelity. Debenture Bond No: 63 is not set forth in said Exhibit "B", attached to the Purchase Agreement. The $244,798.48 figure written in hand in the blanks on page 1 of the Purchase Agreement reflects the total of the Debenture Bonds listed in said Exhibit "B" and Debenture Bond No. 63.

12. That the $40,525.17 which was actually paid to form the basis for said Debenture Bond No. 63 was the $40,525.17 which Defendant Great Fidelity Investment Company was required to pay out after July 31, 1967, for bills which are listed on page 2 of the Purchase Agreement, reflecting a total of $40,525.17.

13. That Defendants Great Fidelity Investment Company and Lee R. Baker were fully aware of the facts, and participated in the acts, pertaining to creation and issuance of Debenture Bond No. 63, and knew that the dates thereon and the recitations therein were not accurate.

14. That by its own terms and the applicable statute, Debenture Bond No. 63 creates only a contingent liability against Mutual Security and could only be payable out of the surplus remaining after providing for all reserves and other liabilities.

15. That excluding the $40,525.17 of Debenture Bond No. 63, Mutual Security had previously issued $204,273.31 in Debenture Bonds. Of this amount, only the first $14,656.94 thereof has been paid off, and it has been at least 10 years since any surplus was paid on any of said Debenture Bonds.

16. That the Purchase Agreement assigned to Defendant Great Fidelity the General Manager's Contract dated April 20, 1962 (Plaintiffs' Exhibit "I"), and thus provided a right to compensation to Defendant Great Fidelity in an

amount which may equal, but not exceed, 50% of the earned surplus of Mutual Security.

17. That all of said Debenture Bonds by their own terms and the applicable statute, create only a contingent liability against Mutual Security and could only be payable out of the surplus remaining after providing for all reserves and other liabilities, and their value was nominal.

18. That Defendant Great Fidelity has not put $22,796.69 into Mutual Security, or sustained any loss or penalty, because more than three years ago the Insurance Commissioner took the position that Mutual Security did not have supporting vouchers for $22,796.69 disbursed by Mutual Security.

19. That Plaintiffs' Exhibit "C" requires the release of the five first lien mortgages described therein.

CONCLUSIONS OF LAW

1. That the Plaintiffs are entitled to judgment on the three promissory notes, being Plaintiffs' Exhibits "A", "B" and "C", subject to the following setoffs:

(a)	Claims	$39,850.20
(b)	Expenses	4,578.90
(c)	Reserve Shortage	9,932.53
(d)	Premium Refund	261.88
	Total Setoffs	$54,623.51,

and that these setoffs should first be applied to the $7,120.67 credit balance provided for the Sellers on page 2 of the Balance Sheet of July 31, 1967, attached to the Purchase Agreement, leaving applicable setoffs of $47,502.84 to be applied against the two promissory notes designated Plaintiffs' Exhibits "A" and "B".

2. That the individual Defendants, Harold Hickerson, James R. Garner, David Lee Baker, Robert J. Buford, Lee R. Baker, Robert O. Hall, Leon N. Gilbert, Ernest C. Hall and W. Paul Kasparek, are jointly and severally liable,

along with Defendant Great Fidelity, on Plaintiffs' Exhibit "A", and that Defendant Great Fidelity is solely liable on Plaintiffs' Exhibits "B" and "C", and that the applicable setoffs should be pro-rated between the principal balance of $14,736.81 which is due on Plaintiffs' Exhibit "A", and the principal balance of $89,411.00 due on Plaintiffs' Exhibit "B", by deducting 14.2% of said applicable setoffs, or $6,745.40, from the principal balance due on Plaintiffs' Exhibit "A", there being a principal balance remaining thereof after setoffs of $7,991.41. The remainder of said applicable setoffs being $40,757.44 (85.8% of the applicable setoffs of $47,502.94) shall be deducted from the principal balance of $89,411.00 on Plaintiffs' Exhibit "B", leaving a principal balance due after such deduction of $48,653.56.

3. That the Plaintiffs should recover 7% interest on the principal balances due on Plaintiffs' Exhibits "A" and "B", after deduction of the applicable offsets as determined in 2, above, from August 1, 1967, to date of judgment in the amount of $1,625.36 on Plaintiffs' Exhibit "A", making a total of $9,616.77 due thereon as of date of judgment, and interest in the amount of $9,895.59 on Plaintiffs' Exhibit "B" from August 1, 1967, to date of judgment, making a total due thereon of $58,549.15, and then 10% interest thereon until fully paid, both principal, interest and attorney's fees.

4. That Plaintiffs should have judgment for their attorney's fees on 10% of the balance due on Plaintiffs' Exhibit "A", being $961.67, and 10% of the balance due on Plaintiffs' Exhibit "B", or $5,854.91.

5. That on Plaintiffs' Exhibit "C", Plaintiffs should recover from Defendant Great Fidelity the difference between $45,867.27 and the principal balance on April 1, 1968, of the five mortgages in question, with Defendant Great Fidelity to receive credit for each $510.15 monthly payment which it made on said mortgages until April 1, 1968.

6. That the five first lien mortgage notes on the five tracts of land described in Plaintiffs' Exhibit "C" shall be

duly released, and the release on the Dallas property listed therein shall be delivered to the Plaintiffs and the release on the four Austin properties listed therein shall be delivered to Mr. Walden.

7. That the personal property collateral to secure the payment of Plaintiffs' Exhibits "A", "B", "C" and "D", and described therein, which is now in the possession of Plaintiffs, shall be sold at public sale at the Tarrant County Courthouse in accordance with the provisions of Sections 2001, 2002, and 2004, title 28, U.S.C., and the proceeds thereof, if any, applied pro-rata (14.2% to Plaintiffs' Exhibit "A", and 85.8% to Plaintiffs' Exhibit "B").

8. That Plaintiffs shall recover their costs herein. (14.2% thereof against the individual Defendants, jointly and severally, with Defendant Great Fidelity, and the balance thereof of 85.8% solely against the Defendant Great Fidelity).

ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Plaintiffs, M. F. Martin and Curtis H. Young, do have and recover of and from the individual Defendants, Harold Hickerson, James R. Garner, David Lee Baker, Robert J. Buford, Lee R. Baker, Robert O. Hall, Leon N. Gilbert, Ernest C. Hall, and W. Paul Kasparek, and Defendant Great Fidelity Investment Company, jointly and severally, the amount of $9,616.77 plus attorney's fees in the amount of $961.67, plus 14.2% of Plaintiffs' costs incurred herein, plus 10% interest on all of these from date of judgment until all of the above amount is fully paid, and that Plaintiffs, M. F. Martin and Curtis H. Young, do have and recover of and from the Defendant Great Fidelity an additional amount of $58,549.15, plus attorney's fees of $5,854.91, plus 85.8% of Plaintiffs' costs herein incurred, plus 10% interest on all of such amounts from date of judgment until fully paid; and it is further ORDERED that all of the collateral described in Plaintiffs' Exhibit "A", "B",

"C" and "D", now held by Plaintiffs, shall be sold at public sale in accordance with the provisions of Sections 2001, 2002, and 2004, title 28, U.S.C., and that the amount received therefrom after payment of proper expenses relating thereto, shall be applied 14.2% on the amount due on Plaintiffs' Exhibit "A", and the remainder thereof, or 85.8% thereof, shall be applied on the amount due on Plaintiffs' Exhibit "B", and it is further ORDERED that releases shall be executed releasing the mortgage liens on the five properties described in Plaintiffs' Exhibit "C", and that the release on the Dallas property listed therein shall be delivered to Plaintiffs, and that the release on the four Austin properties described therein shall be delivered to Mr. Walden, and for all amounts due Plaintiffs by virtue of the above let execution issue.

SIGNED this 29 day of June, 1970.

s/ W. M. Taylor, Jr.
W. M. Taylor, Jr.
United States District Judge

APPROVED AS TO FORM:

Attorneys for Plaintiffs,

McDONALD, SANDERS, GINSBURG, PHILLIPS, MADDOX & NEWKIRK

By s/ Olcott Phillips
Olcott Phillips

Attorneys for Defendants,

s/ Roy Hudspeth
Roy Hudspeth

APPENDIX C

PURCHASE AGREEMENT

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

THIS AGREEMENT executed by and between SECURITY HOLDING & MANAGEMENT CORPORATION, a Texas corporation of Fort Worth, Tarrant County, Texas, party of the first part, hereinafter called "Seller", and Lee R. Baker and Robert O. Hall of Oklahoma City, Oklahoma, representing The Great Fidelity Investment Company, an Oklahoma corporation, parties of the second part, hereinafter called "Buyers":

WITNESSETH:

WHEREAS, Seller is the owner and holder of debenture bonds of Mutual Security Life Insurance Company of Fort Worth, Texas, in the total face amount of *$244,798.48*, evidencing an indebtedness of the said Mutual Security Life Insurance Company for cash advances made to the surplus of the said Company by the said Security Holding & Management Corporation, which said indebtedness is secured by assignment of the General Managers Contract of Mutual Security Life Insurance Company and an assignment of commissions on renewing business of the said Company, and

WHEREAS, Buyers have offered to buy, and Seller has agreed to sell the said indebtedness with its attendant security for the consideration herein provided, and subject to the warranties herein stated, therefore

IN CONSIDERATION of the promises, payments, and performances herein stipulated each to the other, the parties hereto have agreed as follows:

[APPENDIX]

I.

Seller has bargained, sold and assigned, and by these presents does hereby bargain, sell, assign, and agree to transfer and deliver to Buyers the debenture bonds of Mutual Security Life Insurance Company listed and described in Exhibit B hereof in the net amount of *$244,798.48* for sums advanced to its surplus pursuant to the provisions of Article 11.16 of the Texas Insurance Code, which *$244,798.48* is due and payable out of the surplus of the Company in accordance with said statute.

II.

Concurrent with said sale and assignment, Seller hereby assigns to Buyers all of its right, title and interest in and to the General Managers Contract of the said Mutual Security Life Insurance Company and also the right, title and interest to any and all persons holding or purporting to hold by or through it in and to the said General Managers Contract of Mutual Security Life Insurance Company, effective this date.

III.

The full and complete consideration of this Purchase Agreement is the sum of Two Hundred Thirty-One Thousand One Hundred Thirty-Six and No/100 Dollars ($231,136.00) paid and to be paid as follows:

The sum of Twenty-Three Thousand Two Hundred Fifty and No/100 Dollars ($23,250.00) in cash to be deposited by Buyers to the surplus of Mutual Security Life Insurance Company to correct a surplus deficit of that amount as revealed by the audit of the examiner of the State Board of Insurance of Texas, said deposit to be made by Buyers within ten (10) days from the date of execution of this Agreement, or sooner, if as and when demanded by the Commissioner of Insurance of Texas for the qualification of said Company to

continue to do business under its Certificate of Authority.

The sum of Forty Thousand Five Hundred Twenty-Five and 17/100 Dollars ($40,525.17) in one certain promissory note payable to Seller on or before thirty (30) days from date in cash without interest, or, at option of Buyers by the crediting of signed receipts and/or releases of indebtedness by certain named creditors in Exhibit A hereof, releasing Security Holding and Management Corporation from payment of the indebtedness asserted by each as follows:

Winfield Mailing Service, Inc.	$ 2,902.20
Central *Employment* Litho Company	14,802.75
Omega Press	12,343.12
Florence Wolf, Inc.	3,685.37
Cook Publishing Company	1,154.24
The Rein Company	234.40
Ennis Business Forms	2,357.44
International Business Machines (Dallas)	2,445.64
International Business Machines (Fort Worth)	600.01
	$40,525.17

The sum of One Hundred Thousand and No/100 Dollars ($100,000.00) in one certain promissory note of The Great Fidelity Investment Corporation to Seller payable on or before Thirty-Six (36) Months from date without interest at the rate of Seven Per Cent (7%) per annum in equal quarterly installments of Eight Thousand Five Hundred Dollars ($8,500.00) each with accrued interest, payable on the first day of each December, March, June, and September, the first such installment to be due and payable on the first day of December, 1967, and a like installment on the first day of each quarter thereafter until the full principal and interest is paid, which note shall be secured by the

following collateral securities: one certain promissory note of the *Great Plains Investment Company of Great Falls, Okla.*, in the face amount *balance of $53,647.57,* payable *out of premium income of Great Plains Life Insurance Co.* in monthly installments *equal to 15% of premiums received in the preceding month 50,000* shares of the common capital stock of The Great Fidelity Investment Company of Oklahoma City, Oklahoma, of the adjusted book value of $2.01 per share. The said promissory note of the Buyers and the appurtenant collateral securities shall be deposited in escrow with the Fort Worth National Bank as custodian, and escrow agent, under instructions to surrender the collateral securities to Buyers when the full principal and interest of the note has been paid. The Buyers are granted the right and option to substitute other collateral security of equal value and dignity, subject to written approval of the Seller, and shall so substitute upon demand of the Seller at any time the value of the collateral is determined by competent appraisal to be less than the unpaid balance of the note.

The sum of *Sixty-Seven Thousand Three Hundred Sixty-One Dollars ($67,361.00)* in one certain promissory note of The Great Fidelity Investment Company of Oklahoma City, payable on or before Thirty-Six (36) Months from date with interest at the rate of Seven Per Cent (7%) per annum in installments of varying amounts, including $5,000 commission to the Seller's broker, the transfer of first lien notes in the amount of $45,679.00, and succeeding monthly installments equal to 5% of the Company's monthly premium income for the full balance of principal and interest of the note.

It is agreed and understood by the parties thereto that Seller has guaranteed to Buyers the total amount of the

liabilities of Mutual Security Life Insurance Company as stated in the Balance Sheet of said Mutual Security Life Insurance Company dated July 31, 1967, and guaranteed by the Seller to correctly reflect the financial position of the Company, attached hereto, initialed by the parties, and made a part hereof. In the event a liability existing on said date against the said insurance company has not been disclosed in the said Balance Sheet or in the Exhibits pertaining thereto, Seller guarantees to Buyers that the amount of such undisclosed or excess liability shall be paid by the Seller or the amount thereof shall be deducted by Buyers from any installment of a note owed to Seller, conditioned, however, that Seller shall first be notified by Buyers of any such excess or undisclosed liability and granted a period of ten days in which to investigate, audit, and pay such liability before same shall be deductible from any sum due to the Seller.

IV.

Seller agrees to call such meetings as necessary of the Company's directors and policyholders in accordance with the Company's by-laws upon request of Buyers within ten days after delivery to Seller of the cash deposits and the promissory notes given in consideration of this sale, whereby to cause to be elected the Buyers' nominees for Directors of the Mutual Security Life Insurance Company, which nominees shall be policyholders of the said Company as of the date of their election.

V.

It is agreed that this sale shall become final when the directors and officers representing the Buyers have assumed management of the Company, with written notice of their election to the Commissioner of Insurance of Texas, in accordance with applicable insurance laws and regulations of Texas.

VI.

Seller agrees to continue operation of the Company's business and affairs through the existing Board of Directors and officers of Seller as trustee of the Buyers, until the nominees of the Buyers have assumed full charge of the Company's management as herein provided.

VII.

Seller agrees to deliver to Buyers upon the date of transfer of management to the Buyers not less than the following:

A. Debenture Bonds, formerly assigned, as itemized and described in Exhibit B attached hereto and made a part hereof.

B. The resignation of each director and officer representing the Seller, with the exception of one Director who will continue to represent the Seller on the Board of Directors of the Company until the promissory notes given to Seller have been paid, subject to replacement or substitution of such Director as shall be decided by the Seller.

C. All corporate records of the Company, including a copy of its Articles of Incorporation, its By-Laws, Minute Book, current Certificate of Authority; instruments evidencing the ownership of its furniture and equipment, all account books, Annual Statements, Examination Reports, Income Tax Returns, card files, IBM cards, policy folders, and all records pertaining to its insurance in force; and all other instruments pertaining to its operation.

D. The General Manager's Contract of Mutual Security Life Insurance Company, properly assigned to Buyers, with Minutes of a Board of Directors meeting approving the assignment.

VIII.

Seller covenants that between the date of execution of this Purchase Agreement and the date of assumption by Buyers, the Company will *not:*

A. Make any changes in the Company's corporate structure, or in its Articles of Incorporation, or in the amount of its funded indebtedness.

B. Increase the rate of compensation or pay any bonuses to any officer, director or employee of the Company, or enter into any contract of employment with any officer or director or any other person;

C. Permit any liens or other encumbrances to be asserted or affixed against the assets of the Company.

D. Sell or dispose of any of its assets or make any investment except with prior written approval and authorization of Buyers.

IX.

Seller guarantees to the Buyers:

A. That Seller is the owner of the surplus debenture bonds herein sold to Buyers, and has the full rights to sell and transfer same; and that as of the date of transfer, said debenture bonds are entirely free of all liens, pledges, mortgages, debts, restrictions or other encumbrances.

B. That the charter of the Company is in good standing with the State Board of Insurance of Texas, and there are no outstanding hearings or controversies involving said charter before the State Board of Insurance, the Internal Revenue Service, or any other instrumentality of government.

C. That Company has all of the books and records required of it by the State Board of Insurance and the laws of the State of Texas, and that its Minute Book, General Ledger, Income and Disbursements Ledgers, and all other of said books and records are complete and posted currently up to date.

D. A copy of the Balance Sheet of the Company reflecting the true condition of Company, as of the 31st day of July, 1967, is attached hereto initialed, and made a part hereof. There are no debts, obligations or contracts outstanding or any type of claims against Company except these stated in said Balance Sheet supplemented by Exhibits "A", "C" and "E", hereof.

E. Company is not delinquent in the filing of any tax return or the payment of any taxes due or payable to any taxing authority; and there are no pending questions relating to or claims for taxes or assessments asserted against Company by any taxing authority.

F. There are no actions, suits, condemnations, or other proceedings against Company at law, in equity or before any government of the United States, this State or any other State or subdivision, or branch or instrumentality thereof, which has not been revealed to Buyer.

X.

Seller guarantees to indemnify Buyers and hold Buyers harmless from all causes of action arising by virtue of the Company failing to do any act or requirement of law prior to this sale or to perform any contractual obligation or any other obligations required by law prior to the date of this sale. It is agreed by Seller that any lien so asserted shall be defended by Seller and any payments or damages resulting therefrom shall be the obligation of Seller.

XI.

Buyers guarantees to Seller:

A. That they have the legal ownership, right, and authority to hypothecate, pledge, commit, sell, assign, transfer and deliver the promissory notes, the shares of common stock, and other collateral security herein pledged for their performances and payments this contract.

B. That they have the corporate authority by proper resolutions to act in behalf of any corporation whose properties have been or will be committed to the performance of their obligations under this Purchase Agreement.

XII.

The date for the consummation of this Purchase Agreement payment of the consideration and transfer of management is the 1st day of August, 1967, at 11:00 o'clock in the forenoon, at the offices of Mutual Security Life Insurance Company, 212 Birkley Building, in the city of Fort Worth, Texas. At the option of the Buyers, the transfer of the Company shall be effected on that date or at any time within ten days thereafter.

XIII.

If after ten days after date of consummation, Seller has performed and Buyers shall fail or refuse to accept delivery of the Company, the consideration paid hereon shall be forfeited to Seller, who shall hold the Company subject to disposition of the Buyers or of the Commissioner of Insurance.

If, for any reason, not attributable to the malfeasance or nonfeasance of either party, this sale cannot be consummated within thirty (30) days from this date because of legal objections by the Commissioner of Insurance, all sums paid hereon will be returned to the Buyer.

XIV.

Attached hereto are the following Exhibits which are made a part of this Purchase Agreement: Exhibit A—Accounts Payable Assumed by Buyers; Exhibit B—Debenture Bonds Sold and Assigned to Buyers; Exhibit C—Policy Claims Reported, Pending and Unpaid; Exhibit D—Claims in Litigation Assumed by Seller; Exhibit E—Insurance Company Accounts Due and Unpaid; Exhibit F—First Lien Mortgage Notes; Exhibit G—Life Insurance in Force. *Exhibit H—Furniture and Fixtures.* Seller warrants that each of said Exhibits is complete, true, and correct according to the records of the Mutual Security Life Insurance Company and the records of the Seller; and Seller guarantees to Buyer that any liability not so reported and revealed and herein assumed by Buyer shall be the obligation of the Seller.

XV.

Seller has agreed to pay to Calvin C. Huffman a brokerage commission on this sale as provided in Article III hereof, which commission is a part of the consideration payable to the Seller.

IN TESTIMONY WHEREOF, the parties hereto have affixed their signatures to triplicate original copies this 31 day of July, 1967.

SECURITY HOLDING & MANAGEMENT CORPORATION

By s/ Allen Kimball
President

By s/ Paul L. Collins
Secretary

Seller

[APPENDIX]

s/ Lee R. Baker)
Lee R. Baker)
) Buyers
s/ Robert O. Hall)
Robert O. Hall)

THE STATE OF TEXAS)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, on this day personally appeared Allen Kimball and Paul L. Collins, known to me to be the persons who subscribed the foregoing instrument, who each acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.
GIVEN UNDER MY HAND and seal of office this 2 day of August, 1967.

s/ Alice D. Miller
Notary Public in and for Tarrant County, Texas

THE STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA)

BEFORE ME, the undersigned notary public, on this day personally appeared Lee R. Baker and Robert O. Hall, known to me to be the persons who subscribed the foregoing instrument as Buyers who acknowledged to me that they each executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND and seal of office this 31 day of July, 1967.

s/ Jean Polsley
Notary Public in and for Oklahoma County,
State of Oklahoma

[SEAL]

My Commission Expires:
September 30, 1967

ADDENDUM TO PURCHASE AGREEMENT BETWEEN SECURITY HOLDING AND MANAGEMENT CORPORATION, SELLER, AND LEE R. BAKER AND ROBERT O. HALL, BUYERS, DATED AUGUST 1, 1967:

The parties agree that the Purchase Agreement shall be, and is hereby amended, effective the date of its execution, by the addition of the following numbered, Articles XVI, XVII, XVIII, and XIX, to wit:

XVI.

Seller, its directors, officers, and agents guarantee to Buyers that none of the policies of insurance in Mutual Security Life Insurance Company existing and in force as of this date will be rewritten into or accepted into any insurance company in which the Seller, its directors, officers and agents have any controlling stock interest, management control, or sales agency; and, in particular, that Continental Security Life Insurance Company will not issue a policy of insurance to any individual or any group of individuals whereby to cause the said insured or insureds to lapse a policy of insurance now in force in Mutual Security Life Insurance Company. Upon a showing by Buyer to Seller that such a policy or policies have lapsed as a result of a solicitation by Seller, or any of its directors, officers, or agents, or any of the directors, officers, or agents of Continental Security Life Insurance Company during the term of this Purchase Agreement or during the term of any note given hereunder which is unpaid, the penalty for such willful violation shall be the forfeiture of a sum equal to the value of such policy; that is, one full annual premium for a life insurance policy, and fifty per cent (50%) of an annual premium for an accident and health or hospitalization policy. Seller, its directors, officers, and agents guarantee that they will not solicit insurance from ministers of the Assembly of God Church for any insurance company other than Mutual Security Life Insurance Company for a period of twenty-four (24) months from date of this Agree-

ment. Upon a showing by Buyers of a willful violation of this restriction through issuance of an insurance policy, the penalty payable by Seller to Buyers shall be a cash payment of two hundred per cent (200%) of the annual premium for life insurance and one hundred per cent (100%) of the annual premium for accident and health or hospitalization insurance of any policy or policies so issued by Seller or by any of its subsidiary insurance companies. Buyers, their officers or appointee accountants shall have access to the policy records of Seller or its subsidiary insurance company or companies by pre-arrangement with Seller to verify any stated violation of this restriction.

XVII.

Buyers agree that the three promissory notes given as part of the purchase consideration of this Agreement are all of equal dignity, and the failure to pay any installment of any note when due, after adjustment for any deficiency in assets or excess of liabilities as herein provided, shall, after ten (10) days notice by Seller to Buyers of such default, mature all of the notes on the effective day of the notice.

XVIII.

Any attempt by the Buyers to sell the insurance business or merge said business with another insurance company without the prior written consent of the Seller, or to execute or cause to be executed a new General Manager's Contract of Mutual Security Life Insurance Company without the prior written consent of the Seller shall authorize seller to mature all promissory notes given hereunder.

XIX.

Each installment payment based on premium income of the Company shall be supported by a statement of the premium income and operations of the Company for the period covered. Seller, its officers or duly appointed ac-

countants shall have access to the records of the Company by pre-arrangement with the finance officer of the Company for verification of any statement or report, including any proposed deduction of a liability from any sum payable to the Seller.

IN TESTIMONY WHEREOF, the parties to the original Purchase Agreement have affixed their signatures to this Addendum thereto, effective the 1st day of August, 1967:

SECURITY HOLDING & MANAGEMENT CORPORATION

By: s/ Allen Kimball, President

By: s/ Paul L. Collins, Secretary

SELLER

s/ Lee R. Baker)
Lee R. Baker)
) Buyers
s/ Robert O. Hall)
Robert O. Hall)

THE STATE OF TEXAS)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, on this day personally appeared Allen Kimball and Paul L. Collins, known to me to be the persons who subscribed the foregoing instrument, who each acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND and seal of office this 2nd day of August, 1967:

[SEAL]

s/ Alice D. Miller
Notary Public in and for Tarrant County, Texas

THE STATE OF TEXAS)
COUNTY OF TARRANT)

BEFORE ME, the undersigned notary public, on this day personally appeared Lee R. Baker and Robert O. Hall, known to me to be the persons who subscribed the foregoing instrument as Buyers who acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND and seal of office this 2nd day of August, 1967:

[SEAL]

s/ Alice D. Miller
Notary Public in and for Tarrant County, Texas

SURPLUS CERTIFICATES

Included as a footnote contingent liability in the balance sheet is the amount of $189,896.34, represented by 42 outstanding surplus certificates.

A reconciliation of outstnding surplus certificates is scheduled below:

Surplus certificates issued between the years 1953-1963 inclusive	$ 27,766.34
Add:	
Certificate Nos. 30-35, issued during 1964	41,860.00
Certificate Nos. 56-62, issued during 1967	120,270.00
Balance as of March 31, 1968	$189,896.34

The surplus certificates bear interest at rates of 6, 8, and 10 per cent per annum to the holder thereof from the

date of issue until the certificate is retired; such interest to be payable only out of surplus remaining after providing for all reserves and other liabilities, and shall not otherwise be a liability of claim against the Company or any of its assets. The certificates were issued during the calendar years 1963 through 1967, and an additional contingent liability represented by the interest on surplus certificates is due; however, the examiner made no attempt to compute such interest. The 42 outstanding surplus certificates issued to past officers and directors of the Company are redeemable from surplus funds in excess of $5,000.00.

As previously mentioned, the surplus certificates were sold and assigned to The Great Fidelity Investment Company by the Security Holding and Management Corporation in accordance with a purchase agreement dated August 1, 1967, and are presently deposited in escrow with the Fort Worth National Bank, as custodian for the purpose of securing payment of two promissory notes dated August 1, 1967, and in the amounts of $50,867.27 and $16,493.73, of The Great Fidelity Investment Company to Security Holding and Management Corporation.

According to the purchase agreement, there were outstanding surplus certificates in the total fact amount of $214,798.48. This amount could not be reconciled with the examination total by the amount of $14,376.97, after taking into consideration certificate No. 63 for $40,525.17 which was included in the purchase figure, but could not be traced into the Company's surplus.

CONTINGENT LIABILITY

As of the examination date the Company had a contingent liability of $237,811.11; represented by $189,896.34 in 42 outstanding surplus certificates, and $47,914.77 in one premium revenue debenture.

CONCLUSION

Mr. James R. Alexander, actuary, joins the undersigned in acknowledging the courteous coperation extended by officers and employees of the Company during the course of this examination.

Respectfully submitted,

Clifford Flesher, Examiner
s/ Clifford Flesher

Mortgage Loan Loss
Recoverable—$5,366.77

As discussed in the previous examination report, the Company sold a mortgage loan to the Continental Security Life Insurance Company, Fort Worth, Texas, on March 8, 1967, with an unpaid principal balance of $15,366.77, for $10,000.00; resulting in a loss of $5,366.77 on the sale. Attempts made by the Company to recover this loss from Continental Security Life have been unsuccessful. The captioned amount has been not admitted in the balance sheet.

EXHIBIT B

Attached to and made a part of the Purchase Agreement between Security Holding & Management Corporation and Lee R. Baker and Robert O. Hall dated July 3, 1967:

DEBENTURE BONDS SOLD AND ASSIGNED TO BUYERS

Bond No.	Issued To:	DATE	Assigned to:	Date	AMOUNT
1	Ted C. Kasper	3/1/53	SH&MC	6/30/63	$ 2,937.80
2	Robert L. Boylen & Ted C. Kasper	3/1/53	SH&MC	6/30/63	9,710.10
3	Ted C. Kasper	4/11/53	SH&MC	6/30/63	1,000.00
4	Ted C. Kasper	4/24/53	SH&MC	6/30/63	920.79
5	Robert L. Boylen	8/1/53	SH&MC	6/30/63	3,500.00

6	Ted C. Kasper	8/31/54	SH&MC	6/30/63	2,381.80
7	Harold P. Altshuler	2/3/59	SH&MC	6/30/63	719.00
8	Harold P. Altshuler	12/18/58	SH&MC	6/30/63	1,000.00
9	Harold P. Altshuler	6/16/59	SH&MC	6/30/63	1,000.00
10	Phil Nolan, Jr.	10/1/59	SH&MC	6/30/63	600.00
11	Phil Nolan, Jr.	11/25/60	SH&MC	6/30/63	900.00
12	Phil Nolan, Jr.	12/31/60	SH&MC	6/30/63	150.00
13	Phil Nolan, Jr.	12/31/61	SH&MC	6/30/63	600.00
14	Phil Nolan, Jr.	12/3/62	SH&MC	6/30/63	600.00
					16,019.49
15	Millard P. Collins	6/30/63	SH&MC	6/30/63	$ 250.00
16	Paul L. Collins	7/30/63	SH&MC	7/30/63	1,525.00
17	Millard P. Collins	8/13/63	SH&MC	8/13/63	1,300.00
18	Millard P. Collins	8/20/63	SH&MC	8/20/63	300.00
19	Paul L. Collins	8/23/63	SH&MC	8/23/63	700.00
20	Millard P. Collins	9/6/63	SH&MC	9/6/63	597.82
21	Millard P. Collins	9/16/63	SH&MC	9/16/63	300.00
22	Paul L. Collins	9/18/63	SH&MC	9/18/63	500.00
23	Millard P. Collins	10/24/63	SH&MC	10/24/63	500.00
24	Millard P. Collins	11/6/63	SH&MC	11/6/63	502.00
25	Paul L. Collins	11/15/63	SH&MC	11/15/63	1,800.00
26	Paul L. Collins	12/2/63	SH&MC	12/2/63	549.00
27	Paul L. Collins	12/16/63	SH&MC	12/16/63	500.00
28	Paul L. Collins	12/31/63	SH&MC	12/31/63	5,800.00
29	Millard P. Collins	12/31/63	SH&MC	12/31/63	1,000.00
30	Millard P. Collins	2/24/64	SH&MC	2/24/64	260.00
31	Millard P. Collins	2/25/64	SH&MC	2/25/64	100.00
32	Paul L. Collins	3/2/64	SH&MC	3/2/64	10,000.00
33	Paul L. Collins	3/13/64	SH&MC	3/13/64	1,500.00
34	M. P. Collins	5/8/64	SH&MC	5/8/64	10,000.00
35	M. P. Collins	6/18/64	SH&MC	6/18/64	20,000.00
					$57,983.82

Bond No.	Issued To:	DATE	Assigned to:	Date	AMOUNT
56	E. C. King, Jr.	1/27/67	SH&MC	1/27/67	$15,000.00
57	M. P. Collins	2/28/67	SH&MC	2/28/67	4,020.00
58	M. P. Collins	3/30/67	SH&MC	3/30/67	29,400.00
59	M. P. Collins	3/30/67	SH&MC	3/30/67	15,000.00
60	M. P. Collins	4/15/67	SH&MC	4/15/67	3,600.00
61	M. P. Collins	4/28/67	SH&MC	4/28/67	30,000.00
					$97,020.00

[APPENDIX]

SETTLEMENT PROPOSAL

Mr. M. F. Martin:

As a means of effecting a complete accord and satisfaction of matters between Great Fidelity Investment Company, M. F. Martin, and Security Holding & Management Corporation arising out of the Purchase Agreement of August 1, 1967, wherein Mutual Security Life Insurance Company was sold and transferred to Great Fidelity Investment Company, I hereby propose as follows:

1. That we jointly accept the offer of Calvin C. Huffman, broker, as presented to you and me in our conference at Fort Worth on March 14, to purchase from us all of the assets, charter, business in force, General Manager's Contract, and all debenture bonds of Mutual Security Life Insurance Company for a net sale consideration to the sellers of $165,000, based on the following valuation of company data available to him:

For Direct Mail A&H insurance policies currently in force: 75% of annualized premiums warranted by Great Fidelity to total not less than $120,000	$ 90,000.00
For Major Medical and other hospitalization policies currently in force, exclusive of Direct Mail policies, 50% of annualized premiums warranted by Great Fidelity to total not less than $60,000	$ 30,000.00
For the General Manager's Contract, all outstanding debenture bonds and premium notes, charter, certificate of authority and right to do business, including all admitted and non-admitted assets of every kind, including the contracts of agents and all employees currently employed by the Mutual Security Life Insurance Company	$ 45,000.00
Total purchase price, net to the sellers	$165,000.00

The stated net price is conditioned on the Company having at least $5,000 surplus over all liabilities, including reported and incurred policy claims. The buyer will pay the broker's commission to Mr. Huffman.

2. Great Fidelity Investment Company will be guarantor of all warranties in the sale contract, including a net surplus of $5,000 over all liabilities, reserves, and unpaid claims.

3. The above purchase offer will be accepted by written contract within ten days from date of your signature hereto, to be consummated within thirty days from date of the purchase agreement.

4. Out of the net purchase price, you and Security Holding & Management Corporation will receive in full settlement and discharge of all indebtedness, claims, and controversies which have been asserted or could be asserted by you under the Purchase Agreement of August 1, 1967, the sum of $105,000, conditioned on your simultaneously and severally executing such release of Great Fidelity Investment Company, its directors and officers, from all and further liability as a result of the August 1, 1967 transaction.

5. The $105,000 will be paid to you, personally, and as agent and security holder of Security Holding & Management Corporation, as follows:

(a) By the return to you of first lien mortgage notes listed and described in Exhibit F of the August 1, 1967, Purchase Agreement, of the present approximate principal balance of	$ 45,000.00
(b) By cash, as realized from the sale and as withdrawn from Mutual Security Life Insurance Company as excess surplus over the warranted $5,000	$ 15,000.00
(c) By assignment to you of all proceeds from the sale of the charter, General Manager's Contract, debentures, etc.	$ 45,000.00
Total payment to you and SHMC	$105,000.00

6. It is understood and agreed between us that the remainder of the sale consideration will be the property of Great Fidelity Investment Company, to be received by it at its option as follows:

(a) By the return of First Lien Bearer Mortgage Notes from Mutual Security Life Ins. Co. of the face amount of ..... $ 35,000.00

(b) By cash and or notes of the buyer, secured by a lien on the premium income of the Company, in the amount of the balance, as it may be, up to ..... $ 25,000.00

Total possible payment to Great Fidelity $ 60,000.00

7. In the event the sale and transfer of Mutual Security Life Insurance Company cannot be consummated at the Closing Date as stated in the Purchase Agreement to be executed with the buyer, if such failure is not the fault of any of the parties, it is mutually agreed that the consummation date will be extended not to exceed an additional thirty days, failing in which this settlement and accord will become null and void, and all parties will have their rights without reference hereto.

8. In presenting this proposal, I do so as President of Great Fidelity Investment Company, acting with and under the authority given by its Board of Directors; and it is understood by me, that in signing it, you do so in your capacity of lien holder and authorized agent of Security Holding & Management Corporation.

Witness my signature this ..... day of March, 1969.

Lee R. Baker, President, Great Fidelity Investment Company

AGREED TO, AND ACCEPTED:

M. F. Martin, Personally, and as Agent and Lien Holder of Security Holding & Management Corporation

ATTEST:

s/ Calvin C. Huffman
Calvin C. Huffman, Broker

Balance Sheet as of July 31, 1967

Assets

Mortgage Loans on real estate		$ 45,679.29
Cash on deposit, First National Bank of Fort Worth		4,166.14
Agents' Balances		13,270.39
Net Amount of due and deferred Premium, A & H		7,699.02
Net Amount of due and deferred Premium, Life		2,228.00
Office Furniture and Equipment		4,021.00
Total Assets		$ 77,063.84
Deduct Non-admitted Assets		
Agents' Balances:	$13,270.39	
Furniture and Equipment	2,131.36	$ 15,401.75
Net Admitted Assets		$ 61,662.09

Liabilities

Aggregate reserve for life policies and contracts, estimated	$ 18,163.00
Estimated reserve for life coupon accruals	1,492.02
Aggregate reserve for A & H policies	24,247.15
Policy and Contract Claims:	
Life	—0—

Accident and Health; processed		22,437.23
Unreported: estimated		3,000.00
Premiums received in advance: Life		399.08
A & H		1,516.65
Taxes, licenses and fees, due and accrued:		
FICA and WH	$3,410.96	
Insurance Department	251.48	3,662.44
General expenses; due and unpaid 7/31/67		632.50
Amounts withheld by Company as agent and trustee		2,120.93
Total Liabilities		$ 77,671.00
Surplus (deficit)		(16,008.91)
To Balance Assets		$ 61,662.09

Reconciliation of Surplus (deficit)

Surplus deficit, June 30, 1967 (used in calculating of sale price)	$ 23,129.58
Surplus deficit, July 31, 1967	16,008.91
Decrease in surplus deficit	$ 7,120.67

(To be set up as credit balance for Seller for deduction of any excess or unreported liabilities not reserved in the above Balance Sheet, which originated prior to July 31, 1967)

EXHIBIT A

Attached to and made a part of the Purchase Agreement between SECURITY HOLDING & MANAGEMENT CORPORATION of Fort Worth, Texas, and Lee R. Baker and Robert O. Hall dated July 31, 1967 effective August 1, 1967:

ACCOUNTS PAYABLE ASSUMED BY BUYER:

Winfield Mailing Service, Inc.	$ 2,902.20
Central Envelope Litho Company	14,802.75
Omega Press	12,343.12
Florence Wolf, Inc.	3,685.37
Cook Publishing Company	1,154.24

The Rein Company	234.40
Ennis Business Forms	2,357.44
International Business Machines (Dallas)	2,445.64
International Business Machines (Fort Worth)	600.01
	$ 40,525.17

The addresses and invoices are to be made available to Buyer.

EXHIBIT C

Attached to, and made a part of the Purchase Agreement between Security Holding & Management Corporation and Lee R. Baker and Robert O. Hall, dated July 1967:

PENDING CLAIMS AS OF July 15, 1967

Claim No.	Name Last Name Only	Date of Notice	Amount of Claim	Estimated Liability
5883	Chisolm	4-19-67	$ 14.28	$ 14.28
6174	Johnson	6-19-67	85.68	85.68
6173	Johnson	6-19-67	85.68	85.68
6155	Drake	6-15-67	42.84	42.84
6193	Bettencourt	6-21-67	400.00	400.00
5768	Blair	3-17-67	10.00	10.00
6171	Kinsman	6-19-67	228.56	228.56
6095	Miller	6-5-67	155.43	155.43
6162	Duncan	5-29-67	238.43	238.43
5915	Sanders	5-2-67	57.12	27.12
6213	Pierson	6-23-67	10.00	10.00
6177	Clark	6-19-67	28.56	28.56
5995	Hays	5-19-67	57.12	57.12
6153	Cox	6-14-67	81.00	81.00
5979	Elmore	5-16-67	28.56	28.56
6114	Powell	6-7-67	28.56	28.56
6186	Nolard	6-20-67	28.56	28.56
6036	Schmit	5-26-67	42.84	42.84

[APPENDIX]

Claim No.	Name Last Name Only	Date of Notice	Amount of Claim	Estimated Liability
6037	Lowden	5-26-67	57.12	57.12
5656	Grods	1-1-67	85.68	85.68
5953	Haword	5-11-67	92.00	92.00
6169	Maracle	6-19-67	60.00	60.00
5966	Eligor	5-12-67	528.56	528.56
6092	Clemons	6-5-67	62.50	62.50
6091	Clemons	6-5-67	100.00	100.00
6124	Moore	6-5-67	185.68	185.68
5906	Moore	4-28-67	128.56	128.56
6096	Solomon	6-6-67	60.00	60.00
6088	Bass	6-7-67	85.68	85.68
5870	Lane	4-10-67	150.00	150.00
6255	Lane	6-22-67	95.88	95.88
5865	Brumley	4-14-67	57.12	57.12
5934	Earnest	5-8-67	354.73	354.73
6015	Rich	5-18-67	312.75	312.75
5867	Jones	4-17-67	130.13	130.13
5794	Ford	3-28-67	110.50	110.50
5637	Robinson	1-11-67	170.92	170.92
5722	Robinson	2-20-67	302.98	302.98
5802	Robinson	3-30-67	464.85	464.85
5862	Hay	4-14-67	171.40	171.40
5866	Hastings	4-17-67	114.28	114.28
5480	Jenkins	12-[illegible]3-66	103.00	103.00
5923	Isabell	5-4-67	$ 202.75	$ 202.75
6057	Dugan	5-29-67	171.00	171.00
5894	Hyde	4-24-67	150.00	150.00
5731	Bolinger	2-27-67	323.00	323.00
5879	Bolinger	4-18-67	10.00	10.00
5878	Bolinger	4-18-67	5.00	5.00
6122	Bolinger	6-7-67	10.00	10.00
6123	Lord	6-7-67	383.23	383.23
5976	Lord	5-15-67	229.00	229.00
5826	Underhill	4-6-67	374.39	374.39
5817	Garland	4-3-67	226.43	226.43
5933	Glennan	5-8-67	127.00	127.00

Claim No.	Name Last Name Only	Date of Notice	Amount of Claim	Estimated Liability
5803	Fountain	3-30-67	197.88	197.88
6140	Railey	6-12-67	150.00	150.00
6144	Hawolsky	6-12-67	150.00	150.00
5237	Hawolsky	11-7-66	9.50	9.50
5989	White	5-16-67	10.00	10.00
5986	White	5-3-67	148.25	148.25
6125	Sanford	6-15-67	150.00	150.00
6090	Sanford	6-15-67	15.00	15.00
6068	Fammen	5-31-67	115.20	115.20
5855	Carrethers	4-13-67	243.84	243.84
5859	Carrethers	4-13-67	243.84	243.84
5857	Carrethers	4-13-67	243.84	243.84
5893	Weddin	4-24-67	114.28	114.28
5952	Bradshaw	5-11-67	100.00	100.00
5890	Mateseck	4-24-67	128.56	128.56
5972	Ward	5-15-67	142.84	142.84
6071	Griggs	5-31-67	185.68	185.68
6044	Dunlap	5-29-67	114.28	114.28
5749	Brooks	3-13-67	192.43	192.43
5562	Allen	12-23-66	190.00	190.00
5754	Allen	3-14-67	150.00	150.00
5924	Pierce	5-5-67	439.68	539.68
6270	Helmecke	6-29-67	405.00	405.00
6126	Chester	5-31-67	23.00	23.00
6252	Smithwick	6-28-67	505.11	505.11
6238	Jories	6-26-67	10.00	10.00
6239	Ross	6-26-67	21.00	21.00
6253	Drake	6-28-67	98.00	98.00
6240	Broadhead	6-26-67	5.00	5.00
6256	Bolin	6-23-67	58.65	58.65
6100	Bolin	6-5-67	112.15	112.15
6099	Bolin	6-5-67	61.05	61.05
6115	Nelson	6-8-67	103.80	103.80
6258	Nelson	6-22-67	3.00	3.00
6254	Palos	6-26-67	242.00	242.00
6164	Green	6-15-67	114.28	—0—

[APPENDIX]

Claim No.	Name Last Name Only	Date of Notice	Amount of Claim	Estimated Liability
6263	Green	6-30-67	71.40	71.40
6080	King	6-1-67	200.00	200.00
6233	Hill	6-26-67	28.56	28.56
6119	Richardson	6-8-67	$ 42.84	$ 42.84
6209	Wooton	6-23-67	85.68	85.68
6227	McWilliams	6-26-67	128.56	128.56
6210	Grass	6-23-67	14.28	14.28
6264	Shean	6-30-67	28.56	28.56
6216	Winemiller	6-26-67	14.28	14.28
6201	Bildstein	6-22-67	42.84	42.84
6251	Chunn	6-27-67	71.40	71.40
6203	Day	6-22-67	114.44	114.44
6202	McMaron	6-22-67	71.40	71.40
6268	Fritter	6-26-67	371.40	371.40
6248	McCarthy	6-27-67	157.12	157.12
6215	Bamburg	6-26-67	157.12	157.12
5993	Bamburg	5-18-67	42.84	42.84
6120	Mossmon	6-8-67	1,200.00	1,200.00
6230	Adams	6-26-67	242.84	242.84
6225	Bryan	6-26-67	85.68	85.68
6237	Sanders	6-26-67	10.00	10.00
6097	Clark	6-5-67	55.00	55.00
5997	Hodge	5-19-67	10.00	10.00
5965	Hodge	5-12-67	37.50	37.50
6214	Wilcox	6-23-67	9.00	9.00
6189	Hay	6-20-67	336.18	336.18
6152	Hones	6-14-67	157.12	157.12
6032	Shepler	5-25-67	85.68	85.68
6188	Joehlin	6-20-67	114.44	114.44
6030	Brannon	5-25-67	200.00	200.00
6267	Clayton	6-29-67	57.12	57.12
6204	Isenhour	6-22-67	14.28	14.28
6167	Mills	6-16-67	14.28	14.28
6116	Baker	Unknown	Unknown	Unknown
5960	Norman	5-11-67	14.28	14.28

Claim No.	Name Last Name Only	Date of Notice	Amount of Claim	Estimated Liability
6222	Rudolph	5-27-67	285.68	285.68
6074	Slack	5-31-67	28.56	28.56
6185	Steele	6-20-67	357.12	357.12
6026	Shearl	5-24-67	42.74	42.74
6145	Donofrio	6-12-67	144.14	144.14
6197	Welsord	4-21-67	428.56	428.56
6069	Maxfield	6-1-67	362.03	362.03
5949	Carter	5-11-67	71.40	71.40
6205	Seneca	6-22-67	42.84	42.84
6016	Vincent	5-24-67	3.00	3.00
6017	Vincent	5-24-67	6.00	6.00
5982	Minter	5-16-67	461.76	461.76
6266	Peterson	6-29-67	300.00	300.00
6148	Moose	6-14-67	57.12	57.12
6269	Williams	6-29-67	71.40	71.40
5975	Carpenter	5-15-67	114.63	114.63
6271	Massey	6-12-67	310.00	310.00
6272	Massey	6-12-67	60.00	60.00
6273	Heady	7-6-67	$ 15.00	$ 15.00
6275	Bates	7-12-67	150.00	150.00
6277	Bledsoe	7-12-67	128.61	128.61
6279	Rodriquez	7-12-67	114.32	114.32
6278	Rodriquez	7-12-67	14.28	14.28
6280	Babb	7-12-67	242.93	242.93
6198	Ogden	6-22-67	220.00	220.00
6143	Peters	6-12-67	160.37	160.37
6159	Curtright	6-15-67	1,005.25	—0—
6160	Scott	6-15-67	660.06	660.06
6211	Brown	6-23-67	71.40	71.40
6288	Henry	7-13-67	18.00	18.00
6286	Pyle	7-13-67	15.00	15.00
6287	Coyle	7-12-67	138.70	138.70
6289	Jeffrey	7-13-67	60.00	60.00
6285	Heard	7-13-67	85.74	85.74
6284	Trimble	7-13-67	14.29	14.29
	TOTAL LIABILITY		$22,437.23	

EXHIBIT D

CLAIMS IN LITIGATION ASSUMED BY SELLER

Joan White	Pol. No. 1259-4		$ 901.15
Edwin O. Foster	Pol. No. 1086-1		858.53
Jerry G. Penney	Pol. No. 1217-48		1,104.94
William E. Hickman	Pol. No. 1306-3		717.72
N. L. Owens	Pol. No. 1149-6		1,143.57
Bernard Eichner	Pol. No. 1275-1		594.62
Ralph S. Hancock	Pol. No. 1259-2	(2 Claims)	1,119.99
Ernest Allmon	Pol. No. 1160-7		957.55
Sam Blacklock			155.75
Clarence M. Vital	Pol. No. 1336-2		614.94
Obie Ball	Pol. No. 1141-116		610.31
Mrs. Joseph Robotham	Pol. No. 1347-2		128.28
Leroy Bonham	Pol. No. 1345-34		925.33
Mattie Cheatham	Pol. No. R-1082-I		168.55
Walter Shamard	Pol. No. 1251-15		1,000.00
Johnnie Dean	Pol. No. 1333-2		383.57
Robert E. Long	Pol. No. 1073-9	(2 Claims)	3,124.76
Joyceline Huggins	Pol. No. 1146-2		558.35

EXHIBIT E

Attached to and made a part of the Purchase Agreement between Security Holding & Management Corporation and Lee R. Baker and Robert O. Hall, dated August 1, 1967.

INSURANCE COMPANY ACCOUNTS DUE AND UNPAID AS OF JULY 31, 1967

Retail Credit Co.	$ 22.75
Standard Office Equipment Co.	65.97
National Directory Corp.	33.50

Head Typewriter	15.30
Federal Taxes	3,410.96
State Board of Insurance (Alexander)	251.48
Jesse E. Flick	200.00
Calvin C. Huffman	294.98
	$4,294.94

EXHIBIT F

FIRST LIEN MORTGAGE NOTES TO BE RELEASED TO SELLER 4/1/68

Attached to and made a part of the Purchase Agreement between Security Holding & Management Corporation and Lee R. Baker and Robert O. Hall, dated August 1, 1967:

	Address	Monthly Payment	Balance Due
1. Dallas (SHUMC)	3030 Overton Road	$168.78	$16,981.00
2. Austin (Waldens)	5705 Avenue F	83.60	7,048.93
3. Austin (Waldens)	2935 Higgins	73.15	6,184.82
4. Austin (Waldens)	5514 Woodrow Avenue	94.05	7,958.78
5. Austin (Waldens)	4714 Evans	90.57	7,693.74
		$510.15	$45,867.27

[APPENDIX]

EXHIBIT G

EXHIBIT OF LIFE INSURANCE IN FORCE AS OF JULY 31, 1967

PAYMENT INVESTMENT POLICIES (con't)

Policy No.	Insurance in Force	No. Units	Ann-Premium Income
L-1004	2,643.00	1	100.00
1005	4,533.00	3	300.00
1006	14,445.00	5	500.00
1008	2,235.00	1	100.00
1009	2,529.00	1	100.00
1010	6,636.00	2	200.00
1013	8,667.00	3	300.00
1014	5,360.00	2	200.00
1015	9,954.00	3	300.00
1016	6,576.00	2	200.00
1017	15,980.00	5	500.00
1018	14,615.00	5	500.00
1021	9,954.00	3	300.00
1037	4,816.00	2	200.00
1038	2,529.00	1	100.00
1039	3,258.00	1	100.00
1040	3,288.00	1	100.00
1042	15,980.00	5	500.00
1043	12,845.00	5	500.00
1044	12,845.00	5	500.00
1045	14,960.00	5	500.00
1046	15,650.00	5	500.00
1047	6,692.00	2	200.00
1048	3,318.00	1	100.00
1049	3,228.00	1	100.00
1050	3,164.00	1	100.00
1051	2,923.00	1	100.00
1054	3,346.00	1	100.00
1055	5,430.00	2	200.00

1056	5,430.00	2	200.00
1058	15,215.00	5	500.00
1060	6,576.00	2	200.00
1061	9,774.00	3	300.00
1062	6,392.00	2	200.00
1063	9,180.00	3	300.00
1064	9,980.00	5	500.00
	280,952.00		*9,700.00*

Annual premium income *42,307.48*
Insurance in force *1,308,854.00*

PAYMASTER INVESTMENT POLICIES

Policy No.	No. Units	Insurance in Force	Premium Income
1111	5	16,590.00	500.00
1112	1	2,490.00	100.00
1113	5	16,730.00	500.00
1114	5		
1115	1	2,855.00	100.00
1116	1	2,786.00	100.00
1117 (TERM)		2,000.00	
1118	5	15,480.00	500.00
1119	1	3,318.00	100.00
1120	1	2,889.00	100.00
1121	1	2,889.00	100.00
1122	2	6,124.00	200.00
1123	3	9,492.00	300.00
1124	1	3,196.00	100.00
1125	2	6,516.00	200.00
1126	4	8,184.00	400.00
1127	1	3,346.00	100.00
1128	2	3,892.00	200.00
1129	2	6,636.00	200.00
1130	5	14,615.00	500.00
1131	5	14,275.00	500.00

1132	5	16,140.00	500.00
1133	5	15,480.00	500.00
1134	2	6,124.00	200.00
1135	2	5,984.00	200.00
1136	2	6,456.00	200.00
1137	5	14,275.00	500.00
1138	3	9,084.00	300.00
1139	2	5,846.00	200.00
1140	3	9,492.00	300.00
1141	3	7,818.00	300.00
1142	3	8,358.00	300.00
1143	TERM	1,000.00	
1144	1	2,855.00	100.00
1145	5	16,290.00	500.00
1149	2	6,260.00	200.00
1150	1	2,450.00	100.00
1151	2	6,328.00	200.00
1152	1	3,096.00	100.00
1153	1	3,062.00	100.00
1154	4	2,992.00	100.00
1156	5	14,615.00	500.00
1157	3	9,684.00	300.00
1158	2	6,636.00	200.00
1159	1	2,923.00	100.00
1160	2	6,328.00	200.00
1161	1	3,164.00	100.00
1162	1	3,228.00	100.00
1163	3	9,864.00	300.00
		350,135.00	*11,500.00*

PAYMASTER INVESTMENT POLICIES (cont'd)

Policy No.	No. Units	Insurance in Force	Premium Income
1164	2	6,636.00	200.00
1165	5	16,290.00	500.00

1166	5	14,275.00	500.00
1167	3	8,769.00	300.00
1168	1	2,992.00	100.00
1169	1	3,062.00	100.00
1170	3	8,667.00	300.00
1171	2	5,572.00	200.00
1172	3	7,707.00	300.00
1173	3	7,818.00	300.00
1174	3	10,038.00	300.00
1175	3	9,954.00	300.00
1176	3	9,588.00	300.00
1177	2	6,192.00	200.00
1178	5	16,730.00	500.00
1179	1	2,992.00	100.00
1180 ?			
1181	2	5,846.00	200.00
1182	2	5,640.00	200.00
1183	2	6,636.00	200.00
1184	1	2,786.00	100.00
1185	1	3,028.00	100.00
1186	5	14,960.00	500.00
1187	2	6,692.00	200.00
1188	5	14,100.00	500.00
1190	5	16,590.00	500.00
1191	1	3,288.00	100.00
1192	1	3,164.00	100.00
1193	1	3,228.00	100.00
1194	3	9,228.00	300.00
1196	1	2,715.00	100.00
1197	1	2,786.00	100.00
1198	3	8,565.00	300.00
1199	3	8,565.00	300.00
1200	1	3,028.00	100.00
1201	5	16,730.00	500.00
1202	3	10,038.00	300.00
1203	3	9,864.00	300.00
1204	2	5,778.00	200.00

1205	5	16,140.00	500.00
1206	5	15,480.00	500.00
1207	5	15,480.00	500.00
1208	1	2,820.00	100.00
1209	1	2,820.00	100.00
		353,277.00	*11,500.00*

PAYMASTER INVESTMENT POLICIES (cont'd)

Policy No.	Insurance in Force	No. Units	Ann-Premium Income
1065	3,228.00	1	100.00
1066	15,310.00	5	500.00
1067	3,062.00	1	100.00
1072	2,958.00	1	100.00
1073	2,992.00	1	100.00
1074	9,288.00	3	300.00
1075	5,640.00	2	200.00
1079	15,480.00	5	500.00
1080	14,275.00	5	500.00
1081	6,392.00	2	200.00
1082	6,260.00	2	200.00
1083	6,056.00	2	200.00
1084	2,680.00	1	100.00
1085	3,228.00	1	100.00
1086	16,290.00	5	500.00
1087	6,692.00	2	200.00
1088	3,028.00	1	100.00
1089	2,046.00	1	100.00
1090	2,046.00	1	100.00
1094	2,923.00	1	100.00
1095	2,855.00	1	100.00
1096	2,786.00	1	100.00
1097	2,786.00	1	100.00
1098	3,346.00	1	100.00
1099	4,560.00	2	200.00
1100	16,290.00	5	500.00
1101	3,130.00	1	100.00
1102	16,290.00	5	500.00

1103	3,288.00	1	100.00
1104	3,258.00	1	100.00
1105	16,140.00	5	500.00
1106	3,288.00	1	100.00
1107	14,790.00	5	500.00
1108	11,175.00	5	500.00
1109	5,984.00	2	200.00
1110	15,650.00	5	500.00
	255,490.00		*8,500.00*

Policy No.	Kind Five-year	Insurance in Force	Premium Income
L-1052	Term	5,000.00	6.35 Mo.
L-1005	Term	5,000.00	6.45 Mo.
L-1004	Term	5,000.00	13.90 Mo.
L-1020	Term	2,000.00	1.94 Mo.
L-1078	Term	1,000.00	3.90 Mo.
L-1029	Term	2,000.00	2.00 Mo.
L-1031	Term	2,000.00	3.38 Mo.
L-1117	Term	2,000.00	1.56 Mo.
L-1063	Term	2,000.00	2.08 Mo.
L-1064	Term	2,000.00	1.94 Mo.
L-1065	Term	2,000.00	1.44 Mo.
L-1066	Term	2,000.00	1.44 Mo.
L-1017	Term	1,000.00	.77 Mo.
L-1018	Term	1,000.00	.78 Mo.
L-1079	Term	5,000.00	51.35 Annually
EL-1080	Term	25,000.00	23.50 Mo.
EL-1010	ORD.	5,000.00	16.58 Mo.
		69,000.00	*92.29 (Mo.)*

EXHIBIT H

FURNITURE & FIXTURES OWNED BY MUTUAL SECURITY LIFE INSURANCE COMPANY

NO.	ITEM	Serial No.	Original Cost	Balance Due
*	*	*	*	*
	Description of itemized furniture & fixtures omitted			
*	*	*	*	*
			4,321.89	171.11
			450.00	
			4,771.89	

APPENDIX "D"

Rule 21
AFFIRMANCE WITHOUT OPINION

When the court determines that any one or more of the following circumstances exists and is dispositive of a matter submitted to the court for decision: (1) that a judgment of the district court is based on findings of fact which are not clearly erroneous; (2) that the evidence in support of a jury order is not insufficient; (3) that the order of an administrative agency is supported by substantial evidence on the record as a whole; (4) that no error of law appears; and the court also determines that an opinion would have no precedential value, the judgment or order may be affirmed or enforced without opinion.

In such case, the court may in its discretion enter either of the following orders: "AFFIRMED. See Local Rule 21," or "ENFORCED. See Local Rule 21."

APPENDIX "E"

NOTICE OF APPEAL

(Number and title omitted) (Filed: Sept. 8, 1970)

Notice is hereby given that Great Fidelity Investment Company, Harold Hickerson, James R. Garner, David Lee Baker, Robert J. Buford, Lee R. Baker, Robert O. Hall, Leon N. Gilbert, Ernest C. Hall, and W. Paul Kasparek, Defendants above named, hereby appeal to the United States Court of Appeals for the Fifth Circuit from the final judgment entered in this action signed on the 29th day of June, 1970 and filed on June 30, 1970, and from the Order and Judgment of the Court Overruling the Motion for a New Trial entered herein on August 12, 1970.

Dated this 4th day of September, 1970.

Attorneys for the Defendants

(s/ John B. Ogden
(John B. Ogden
(1412 Liberty Bank Building
(Oklahoma City, Oklahoma
(73102
(
(*and*
(
(s/ Roy Hudspeth
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No. 71-904

In the

Supreme Court of the United States

OCTOBER TERM, 1971

GREAT FIDELITY INVESTMENT COMPANY, HAROLD HICKERSON, JAMES R. GARNER, DAVID LEE BAKER, ROBERT J. BUFORD, LEE R. BAKER, ROBERT O. HALL, LEON N. GILBERT, ERNEST C. HALL and W. PAUL KASPAREK,
Petitioners,

v.

M. F. MARTIN and CURTIS H. YOUNG,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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STATEMENT OF THE CASE

Certain notes were assigned to Respondents who sued Petitioners thereon. The Trial Court allowed certain offsets asserted by Petitioners, but denied others, and entered judgment for Respondents, which judgment was affirmed by the Court of Appeals without opinion. (450 F. 2d 959).

ARGUMENT

Petitioners urge two points:

First, Petitioners contend that the judgment entered by the Trial Court, and affirmed by the Court of Appeals was erroneous. Petitioners' disappointment in the outcome of ordinary litigation involving notes and the amount of offsets allowed by the Trial Court is not a basis for granting a writ of certiorari by the Supreme Court.

Second, Petitioners contend that the Court of Appeals cannot affirm the Trial Court judgment by entering a judgment without opinion, in accordance with Rule 36 of Federal Rules of Appellate Procedure and local Rule 21 of the Fifth Circuit. Petitioners insist that in addition they are entitled to a written opinion from the Court of Appeals setting forth the basis for said affirmance.

There is no requirement that the Court of Appeals write a written opinion in every case, and a case such as this clearly illustrates the need and desirability of Rule 36, Federal Rules of Appellate Procedure, AND Rules by Courts of Appeals not inconsistent therewith. See Rule 47, Federal Rules of Appellate Procedure. An example of such a rule is Rule 21 of the Fifth Circuit. For similar rules see Rule 13(c) of the District of Columbia Circuit, and Rule 8 of the First Circuit. Obviously, Rule 36 of the Federal Rules of Appellate Procedure, which was promulgated by the United States Supreme Court, contemplates the entry of judgment in some cases, as was done in this case, by the Court of Appeals without an opinion setting forth the basis for its affirmance.

Petitioners do not have, and have not stated, any right, either by constitution, statute, or rule, entitling them to an opinion from the Court of Appeals in this case. Basically, Petitioners seem to be complaining of lack of due process and equal treatment in the proceedings which resulted in the Court of Appeals affirming a Trial Court judgment against them. Petitioners have been immersed in due process and equal treatment in connection with this case, which has now been pending for over three years. The following usual steps in Federal Procedure have been utilized:

1. Usual discovery by the parties, including oral depositions as well as written interrogatories.

2. A Pre-trial

3. Trial on the merits before the Court

4. Petitioners submitted a brief to the Trial Court after which the Trial Court entered judgment with Findings of Fact and Conclusions of Law.

5. Petitioners filed a Motion for New Trial supported by a brief and had a hearing and oral argument thereon.

6. Petitioners appealed to the Court of Appeals for the Fifth Circuit, filed their brief, and then a Reply Brief.

7. Petitioners were permitted oral argument before the Court of Appeals.

8. After the Court of Appeals affirmed the Trial Court, Petitioners filed a Petition for Rehearing accompanied by another brief and this was denied by the Court of Appeals.

CONCLUSION

Petitioners have not been denied due process or equal treatment, and they have not shown any reason why a writ of certiorari should be granted in this case.

Respectfully submitted,

JAMES OLCOTT PHILLIPS,
2900 Continental National
Bank Bldg.,
Fort Worth, Texas 76102,
Telephone AC 817-336-8651,
Attorney for Respondents.

CERTIFICATE OF SERVICE

I, JAMES OLCOTT PHILLIPS, Attorney for Respondents, do hereby certify that I have on this ..... day of February, 1972, duly served three copies of the foregoing Respondents' Brief In Opposition on the Petitioners by mailing true and correct copies thereof by Certified Mail, Return Receipt Requested, with postage prepaid, to their Attorney at the following address:

Mr. John B. Ogden
Suite 1412, City National Bank Tower
Oklahoma City, Oklahoma 73102

James Olcott Phillips
Attorney for Respondents

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Petitioners,

VERSUS

M. F. MARTIN and CURTIS H. YOUNG,
Respondents.

PETITION FOR REHEARING

JOHN B. OGDEN
Suite 1415
City National Bank Tower
Oklahoma City, Oklahoma 73102
Counsel for Petitioners

March, 1972

UTTERBACK TYPESETTING CO., 519 W. CALIF., OKLAHOMA CITY. PH. 235-0030

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VERSUS

M. F. MARTIN and CURTIS H. YOUNG,
Respondents.

PETITION FOR REHEARING

Comes now the Petitioners above named in this cause and show to this Honorable Court that heretofore a Petition for Writ of Certiorari was filed and was by this Court denied on the 28th day of February, 1972.

Your Petitioners show to this Court that they believe and therefore allege that they are entitled to a rehearing and a reconsideration of this cause by reason of the following facts:

1. No opinion was written by the United States Court of Appeals, Fifth Circuit. The case was disposed of on appeal merely by using the words, "Affirmed, see Local Rule 21." This is a departure from the accepted and usual course of jurisdiction proceedings and is in violation of the requirements of Rule 19, Paragraph (b), page 17, Rules of the Supreme Court of the United States, Adopted June 15, 1970.

2. The Petitioners specifically ask the Court to consider the fact that because in the Pre-Trial proceedings before the United States District Court, it was not set out that the respondents were not and could not be the owners of the note sued on that this question could not be raised in the trial court and likewise in the United States Court of Appeals, Fifth Circuit. The question was raised apparently for the first time on Motion for a New Trial in the United States District Court which Court held that it came too late and the Circuit Court in affirming likewise so held.

In *Zenith-Radio Corporation* v. *Hazeltine Research, Inc.*, United States Supreme Court, October Term, 1970, No. 80, dated February 24, 1971 on Writ of Certiorari to the United States Court of Appeals, Seventh Circuit, this Court used this language:

> "Zenith was never unambiguously called upon to submit a formal plea; to hold under such circumstances that want of a submission amounts to a waiver would be to treat pleadings as 'a game of skill in which one misstep by counsel may be decisive to the outcome.'"

Mr. Roy Hudspeth of Fort Worth, Texas, conducted the Pre-Trial on behalf of the Petitioners and apparently inadvertently failed to raise the question that the respondents were not the owners of the notes and collateral upon which the suit was based but, in defense of Mr. Hudspeth, it is presumed that he did not know that M. F. Martin and Curtis H. Young had violated the contract of sale and had fraudulently secured the possession of the notes and collateral sued on herein which were required to be escrowed under the written contract with the Fort Worth National Bank of Fort Worth, Texas.

Martin and Young had no authority to receive the notes and collateral sued on and the case should have been dismissed by reason thereof.

To permit judgment to stand is to permit Martin and Young to take advantage of their own fraud and violation of the written contract.

One misstep by an attorney should not be decisive of the outcome of an important lawsuit.

Next we call to the attention of the Court that the Trial Judge and the Court of Appeals, Fifth Circuit, did not have a right to disregard the provisions of the written contract providing for credits on the notes sued on account of undisclosed liabilities not appearing on the Balance Sheet.

Volume 17; C.J.S.; page 942, Art. 457, is as follows, in part:

> "The parties to a contract may ordinarily, by express provisions therein alter the general rules of law by indicating what the effect of a breach of the particular contract shall be, and where this is done it has been stated that the courts are precluded from giving any other effect to such breach."

See also, *Pearce* v. *Shurtz, et al.*, 270 P.2d 442 (Utah), and also *Foxley* v. *Rich*, 35 Utah 162, 99 P.2d 666, 672.

CONCLUSION

Your Petitioners feel that they have been denied their rights under the Constitution and laws of the United States in that they have not been afforded the reason to know why the United States Court of Appeals affirmed the judgment of the trial court.

They feel that they have been denied their statutory and legal rights in denying to them their rights under the Contract and that they have further been denied their rights by permitting Martin and Young to sue on notes and collateral which they fraudulently and wrongfully procured and was denied this relief on a technicality by reason of the failure of counsel to raise such question at the Pre-Trial Conference, although he may not have known of such facts at the time.

Your Petitioners hope that they have not unduly burdened this Court with the case, but they feel that precedent of grave importance will be fixed or approved by this Court if this cause is not reversed. While we deeply appreciate the Circuit Judges or any other judges making every effort to keep abreast of the litigation filed, we feel that the first thing for consideration in any court is not how much time we can save, but how just we can be.

We, therefore, most respectfully ask this Court to grant a rehearing and grant Certiorari and determine this case upon the law and the facts.

Respectfully submitted,

JOHN B. OGDEN
Suite 1415
City National Bank Tower
Oklahoma City, Oklahoma 73102
Counsel for Petitioners

March, 1972

CERTIFICATE OF GOOD FAITH

I, the undersigned counsel, hereby certify that the above and foregoing Petition for Rehearing is presented in good faith and not for delay, but in order that substantial justice may be done.

Counsel also certifies that the Petition for Rehearing herein is presented for the further reason that the grounds of this Petition for Rehearing were not, in the opinion of counsel, fully and clearly presented and some of the authorities presented in this Petition for Rehearing were not presented in the original Petition for Writ of Certiorari.

JOHN B. OGDEN
Counsel for Petitioners

CERTIFICATE OF MAILING

I hereby certify that I have served three (3) copies of the foregoing Petition for Rehearing by mailing, first class postage, fully paid, to:

Mr. Olcott Phillips
of the Firm of McDonald, Sanders,
Ginsburg, Phillips, Maddox & Newkirk
Attorneys at Law
2900 Continental National Bank Bldg.
Fort Worth, Texas 76102,

Counsel for Respondents, this ..... day of March, 1972.

JOHN B. OGDEN
Counsel for Petitioners.